

Technical Accounting Alert

Financial Reporting Requirements for Entities - 30 June 2009

This TA Alert provides a summary of reporting requirements for a number of entity types as well as an explanation of the reporting entity concept.

Reporting entity concept

Reporting or Non-reporting determination

The reporting entity concept involves considering whether it is reasonable to expect the existence of users who rely on the entity's general purpose financial report for information that will be useful to them for making and evaluating decisions about the allocation of resources?

Examples of users include:

- Employees
- Suppliers
- Financial institutions
- Shareholders or investors
- Government agencies

If these entities exist then the entity prepares general purpose financial reports in compliance with all Australian Accounting Standards.

If the entity is deemed non-reporting, the entity may elect to prepare special purpose financial reports which comply at minimum with:

- AASB 101 Presentation of Financial Statements
- AASB 107 Cash Flow Statements
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors
- AASB 1048 Interpretation and Application of Standards

ASIC has released Regulatory Guide 85 *Reporting requirements for non-reporting entities*, which provides guidance surrounding the reporting requirements for non-reporting entities. This guide indicates that entities which are required to prepare financial reports in accordance with Chapter 2M of the Corporations Act 2001 (Act), should comply with the recognition and measurement requirements of accounting standards. This guide can be obtained from the ASIC website (<http://asic.gov.au>).

Companies

Large and Small proprietary company tests

- Is consolidated gross operating revenue > \$25million?
- Is consolidated gross asset value > \$12.5million?
- Are there more than 50 employees?

If the answer is 'Yes' to two or more of the above questions the proprietary company is deemed to be Large.

Note: these figures are determined using all recognition and measurement criteria in the Australian Accounting Standards.

Large proprietary companies	Small proprietary companies
Required to prepare and have audited annual financial reports (exceptions such as grandfather provisions and Class Order relief under CO 98/1417 may apply).	Do not need to prepare an annual financial reports unless: <ul style="list-style-type: none"> • Request by: <ul style="list-style-type: none"> ◦ Shareholders holding >5% of shares • ASIC • The company is controlled by a foreign company (some exceptions apply) • The company is a disclosing entity

Type of financial report to be prepared			
Type of company			
Reporting company which is large proprietary or a public company	Non-reporting large proprietary or public company	Small reporting	Small non-reporting
General purpose	Special purpose complying with: <ul style="list-style-type: none"> • AASB 101 Presentation of Financial Statements; • AASB 107 Cash Flow Statements; • AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors; • AASB 1031 Materiality; and • AASB 1048 Interpretation and Application of Standards 	General purpose	As per relevant request

Summary of reporting requirements and lodgement timing with ASIC			
	Lodgement of financial reports with ASIC		Reporting to members (annual report only)
	Full financial year	Half financial year	
Public companies	Within 4 months of year-end	N/A	21 days before the AGM or within 4 months of year-end
Large proprietary companies	Within 4 months of year-end	N/A	Within 4 months of year-end
Registered scheme	Within 3 months of year-end	N/A	Within 3 months of year-end
Disclosing entities	Within 3 months of year-end	Within 75 days of half year-end	21 days before the AGM or within 4 months of year-end
Listed entities	Within 3 months of year-end	Within 75 days of year-end	21 days before the AGM or within 17 weeks of year-end
Small proprietary companies (requested by shareholders)	N/A	N/A	By the later of 4 months of year-end, or 2 months after request is given
Small proprietary companies (ASIC request)	Date as requested by ASIC	N/A	N/A
Small foreign control proprietary companies	Within 4 months of year-end	N/A	Within 4 months of year-end

AGM Deadlines		
	Year-end	
Public companies, Disclosing entities and Listed entities	30 June 2009	By no later than 30 November 2009
	31 December 2009	By no later than 31 May 2010

ASX Reporting Deadlines (Listed entities only)		
Year-end		
30 June 2009	Appendix 4E	31 August 2009
	Final Audited Accounts, Auditors report and Directors Statement	30 September 2009
31 December 2009	Appendix 4E	26 February 2010
	Final Audited Accounts, Auditors report and Directors Statement	31 March 2010

Half year-end		
30 June 2009	Appendix 4D	31 August 2009
30 June 2009 (mining exploration entities)	Appendix 4D	11 September 2009
31 December 2009	Appendix 4D	26 February 2010
31 December 2009 (mining exploration entities)	Appendix 4D	16 March 2010

Trusts and Trustees

Trustees	Trusts
<ul style="list-style-type: none"> A proprietary company which is a trustee will be classed as a small proprietary company. As such no financial report needs to be prepared unless there is a requested for this to be done e.g. by financiers 	<ul style="list-style-type: none"> Reporting trusts are required to prepare general purpose financial reports, complying with Australian Accounting Standards.
<ul style="list-style-type: none"> Corporate trustees which are companies limited by guarantee are required to prepare financial reports which comply with AASB 101 <i>Presentation of Financial Statements</i>, AASB 107 <i>Cash Flows</i>, AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>, AASB 1031 <i>Materiality</i> and AASB 1048 <i>Interpretation and Application of Standards</i>. 	<ul style="list-style-type: none"> Non-reporting trusts are required to prepare special purpose financial reports complying with Australian Accounting Standards as deemed appropriate.

Superannuation Funds

Type of superannuation fund	Type of financial report to be prepared
Defined contribution	General purpose, complying with Australian Accounting Standards and AAS 25 Financial Reporting by Superannuation Plans (note inclusions in AAS 25 override some Australian Accounting Standards)
Defined benefit	General purpose, complying with Australian Accounting Standards and AAS 25 Financial Reporting by Superannuation Plans (note inclusions in AAS 25 override some Australian Accounting Standards)
Self managed	Special purpose, complying with AASB 112 <i>Income Taxes</i> , AASB 1031 <i>Materiality</i> and AASB 110 <i>Events after the Balance Sheet Date</i>

Incorporated Associations

Reporting or Non-reporting determination
<p>Guidelines for determining whether an association is reporting are:</p> <ul style="list-style-type: none"> The number of members; The extent to which all members are involved in running the association, and how much is left to the governing body; Rights of access to books and records by members; Extent of funding other than by members, and the reporting needs of the external financiers; Extent of business activity and amount of creditors; Size and nature of political or economic activity of the association; and Number of employees and access of those people to financial information.

Types of financial reports to be prepared		
Reporting associations	Non-reporting associations	Prescribed associations (Victoria only)
General purpose	Special purpose (which must include): <ul style="list-style-type: none"> Income and expenditure statement and balance sheet complying with the Associations Incorporations Act in the relevant state Disclosure that the report is special purpose The purpose for which the report was prepared e.g. to satisfy the financial reporting requirements of the Associations Incorporations Act of the relevant state The extent to which Australian Accounting Standards and other mandatory professional reporting requirements have or have not been adopted in the preparation and presentation of the financial report 	Must comply with: <ul style="list-style-type: none"> AASB 1031 Materiality; AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors; AASB 110 Events after the Balance Sheet Date; AASB 117 Leases; AASB 107 Cash Flow Statements; AASB 101 Presentation of Financial Statements; and AASB 116 Property, Plant and Equipment

Further information

For further information on any of the information included in this TA Alert, please contact your local Grant Thornton Australia representative or a member of the National Audit Support team at NAS@grantthornton.com.au

